

***Financial Report***  
***Lafourche Parish Communications District***  
***Raceland, Louisiana***  
***For the years ended December 31, 2009 and 2008***

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/21/10

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For the years ended December 31, 2009 and 2008

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## **FINANCIAL SECTION**



Bourgeois Bennett

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners,  
Lafourche Parish Communications District,  
Raceland, Louisiana.

We have audited the accompanying financial statements of the business-type activities of the Lafourche Parish Communications District (the District), State of Louisiana, a component unit of the Lafourche Parish Council, as of and for the years ended December 31, 2009 and 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to an express opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lafourche Parish Communications District, as of December 31, 2009 and 2008, and the changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 26, 2010 on our consideration of the Lafourche Parish Communications District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting

or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 6 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Thibodaux, Louisiana,  
February 26, 2010.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Lafourche Parish Communications District**

The Management's Discussion and Analysis of the Lafourche Parish Communication District's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2009. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

The District's assets exceeded its liabilities at the close of fiscal year 2009 by \$3,435,666 (net assets), which represents a 5.97% increase from last fiscal year.

The District's total revenues decreased \$48,305 (or 4.53%) primarily due to an decrease in interest earnings.

The District's total expenses increased \$57,402 (or 7.47%) primarily due to increases in personal services and repairs and maintenance.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of four parts: (1) management's discussion and analysis, (2) financial statements, (3) supplementary information and (4) special reports by certified public accountants and managements. The financial statements also include notes to the financial statements, which explain some of the information in the financial statements in more detail.

### **REQUIRED FINANCIAL STATEMENTS**

The financial statements of the District report information about the District using accounting methods similar to those used by private sector businesses. These statements offer short- and long-term financial information about its activities. The Statement of Net Assets includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. This statement measures the success of the District's operations over the year and can be used to determine whether the District has successfully recovered all its costs through its fees and other charges, profitability and credit worthiness. The final required financial statement is the Statement

of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments throughout the year. This statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities.

## **FINANCIAL ANALYSIS OF THE DISTRICT**

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information in a way that the reader can determine if the District is in a better financial position as a result of the year's activities. These statements report the net assets of the District and changes in them. The net assets (difference between assets and liabilities) can be used to measure financial health or financial position. Over time, increases and decreases in the District's net assets are one indicator as to whether its financial health is improving or deteriorating. There are other non-financial factors to consider, such as changes in economic conditions, population growth, new or changed government legislation and technology changes.

## **NET ASSETS**

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. As of December 31, 2009, assets exceeded liabilities by \$3,435,666. A portion of the District's net assets (8.48%) reflects its investment in capital assets (e.g., office furniture, fixtures and equipment; vehicles, machinery and equipment) net of related debt and unspent proceeds. Consequently, these assets are not available for future spending. At December 31, 2009, the majority of the total assets remain in cash and cash equivalents (84.68%).

### **Condensed Statements of Net Assets**

	December 31,		
	2009	2008	Dollar Change
Current and other assets	\$ 3,893,855	\$ 3,706,887	\$ 186,968
Capital assets	482,960	502,385	(19,425)
Total assets	<u>4,376,815</u>	<u>4,209,272</u>	<u>167,543</u>
Long-term liabilities outstanding	850,000	945,000	(95,000)
Other liabilities	91,149	22,048	69,101
Total liabilities	<u>941,149</u>	<u>967,048</u>	<u>(25,899)</u>
Net Assets:			
Invested in capital assets, net of related debt	291,268	215,692	75,576
Unrestricted	3,144,398	3,026,532	117,866
Total net assets	<u>\$ 3,435,666</u>	<u>\$ 3,242,224</u>	<u>\$ 193,442</u>



### Condensed Changes in Net Assets

	For the years ended December 31,		Dollar	Percent
	2009	2008	Change	Change
Operating revenues	\$ 1,009,583	1,019,048	\$ (9,465)	-0.93%
Non-operating revenues	9,332	48,172	(38,840)	-80.63%
Capital contributions	-	2,195	(2,195)	-100.00%
Total revenues	<u>1,018,915</u>	<u>1,069,415</u>	<u>(50,500)</u>	-4.72%
Depreciation expense	84,594	69,767	14,827	21.25%
Other operating expense	692,672	645,266	47,406	7.35%
Non-operating expense	48,207	53,038	(4,831)	-9.11%
Total expenses	<u>825,473</u>	<u>768,071</u>	<u>57,402</u>	7.47%
Increase in net assets	193,442	301,344	(107,902)	-35.81%
Net assets beginning of year	3,242,224	2,940,880	301,344	10.25%
Net assets end of year	<u>\$ 3,435,666</u>	<u>\$ 3,242,224</u>	<u>\$ 193,442</u>	5.97%

The Statement of Revenues, Expenses, and Change in Net Assets provide answers as to the nature and source of changes in net assets. Operating revenues decreased as a result of a decrease in customers with landline connections. Non-operating revenues decreased due to interest rate decreases, while non-operating expenses declined due to a reduction of interest expense as debt principal is paid down. Other operating expenses increased primarily because of increases in salaries and wages and repairs and maintenance.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

The District's investment in capital assets as of December 31, 2009, amounts to \$482,960 (net of accumulated depreciation). This investment in capital assets includes construction in progress, office furniture, equipment and fixtures; machinery and equipment and a vehicle (see table below).

	2009	2008
Construction in progress	\$ 399,396	\$ 405,929
Office furniture, equipment and fixtures	5,377	5,377
Machinery and equipment	447,045	440,093
Vehicle	18,875	18,875
Other	64,750	-
	<u>935,443</u>	<u>870,274</u>
Less: accumulated depreciation	<u>(452,483)</u>	<u>(367,889)</u>
Totals	<u>\$ 482,960</u>	<u>\$ 502,385</u>

Major capital asset events during the current fiscal year included the following:

- The District capitalized consulting fees that were previously in construction in progress and consequently moved \$64,750 to other capital assets. These consulting fees were incurred to obtain information about the purchase of new CAD equipment. The District also incurred architectural fees for the development of a new building in the amount of \$58,217.
- Machinery and equipment increased due to the purchase of a copier and administrative computer equipment.

Additional information on the District's capital assets can be found in the Note 3, Exhibit D of this report.

### **Long-term Debt**

At December 31, 2009, the District had \$850,000 in long-term debt outstanding as compared to \$945,000 in the prior year which is a decrease of \$95,000, the amount of 2009 principal payments on outstanding debt. More detailed information about the District's long-term debt is presented in Note 5, Exhibit D of this report.

### **ECONOMIC FACTORS AFFECTING NEXT YEARS BUDGET**

The District is not required by state law to prepare a budget, however a budget is completed for bond indenture purposes. When setting the 2010 budget the District's Board of Directors and management considered many factors.

Operating revenues available for recovering operating expenses are projected to be \$1,012,500, slightly lower than 2009 revenues. This is mainly due to new technology available to consumers; the number of landline phones has decreased due to wireless capabilities. Non-operating revenues are projected to decrease due to reduced interest rates. Budgeted expenses are expected to be \$1,223,550 which is 48.22% more than 2009 expenses. This increase is due to an increase in maintenance contracts for the equipment that will be purchased for the District's new building.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Lafourche Parish Communications District, P.O. Box 1157, Raceland, LA 70394.

**STATEMENTS OF NET ASSETS****Lafourche Parish Communications District**

December 31, 2009 and 2008

	<b><u>ASSETS</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Current</b>			
Cash and cash equivalents		\$ 3,706,510	3,508,152
Receivables		129,556	142,829
Deferred bond issuance costs		1,464	1,627
Prepaid maintenance		51,649	48,139
Total current assets		<u>3,889,179</u>	<u>3,700,747</u>
<b>Capital Assets</b>			
Nondepreciable		399,396	405,929
Depreciable, net		<u>83,564</u>	<u>96,456</u>
Net capital assets		<u>482,960</u>	<u>502,385</u>
<b>Other</b>			
Deferred bond issuance costs		<u>4,676</u>	<u>6,140</u>
Total assets		<u>\$ 4,376,815</u>	<u>\$ 4,209,272</u>
	<b><u>LIABILITIES</u></b>		
<b>Current</b>			
Accounts payable and accrued expenses		\$ 91,149	22,048
Bond payable within one year		<u>105,000</u>	<u>95,000</u>
Total current liabilities		196,149	117,048
<b>Long-term</b>			
Bond payable after one year		<u>745,000</u>	<u>850,000</u>
Total liabilities		<u>941,149</u>	<u>967,048</u>
	<b><u>NET ASSETS</u></b>		
<b>Net Assets</b>			
Invested in capital assets, net of related debt		291,268	215,692
Unrestricted		<u>3,144,398</u>	<u>3,026,532</u>
Total net assets		<u>\$ 3,435,666</u>	<u>3,242,224</u>

See notes to financial statements.

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN  
NET ASSETS**

**Lafourche Parish Communications District**

For the years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 1,009,468	\$ 1,013,331
Other operating revenues	<u>115</u>	<u>5,717</u>
Total operating revenues	<u>1,009,583</u>	<u>1,019,048</u>
<b>OPERATING EXPENSES</b>		
Personal services	394,404	364,758
Supplies and materials	6,175	6,568
Other services and charges	207,979	218,679
Repairs and maintenance	84,114	55,261
Depreciation	<u>84,594</u>	<u>69,767</u>
Total operating expenses	<u>777,266</u>	<u>715,033</u>
Operating income	<u>232,317</u>	<u>304,015</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	9,332	48,172
Interest expense	(46,580)	(51,255)
Amortization of issuance costs	<u>(1,627)</u>	<u>(1,783)</u>
Total non-operating expenses	<u>(38,875)</u>	<u>(4,866)</u>
<b>Capital Contributions</b>	<u>-</u>	<u>2,195</u>
<b>Change in net assets</b>	193,442	301,344
<b>NET ASSETS</b>		
Beginning of year	<u>3,242,224</u>	<u>2,940,880</u>
End of year	<u>\$ 3,435,666</u>	<u>\$ 3,242,224</u>

See notes to financial statements.

**STATEMENTS OF CASH FLOWS****Lafourche Parish Communications District**

For the years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 1,022,856	\$ 1,026,999
Cash payments to suppliers for goods and services	(231,062)	(226,791)
Cash payments to employees for services and benefits	(394,404)	(366,336)
Net cash provided by operating activities	<u>397,390</u>	<u>433,872</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(65,169)	(15,060)
Principal paid on outstanding debt	(95,000)	(90,000)
Interest paid on outstanding debt	(48,195)	(52,785)
Net cash used for capital and related financing activities	<u>(208,364)</u>	<u>(157,845)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	<u>9,332</u>	<u>48,172</u>
Net increase in cash and cash equivalents	198,358	324,199
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>3,508,152</u>	<u>3,183,953</u>
End of year	<u>\$ 3,706,510</u>	<u>\$ 3,508,152</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	<u>\$ 232,317</u>	<u>\$ 304,015</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	84,594	69,767
Amortization of prepaid maintenance	(3,510)	48,139
Decrease in assets:		
Accounts receivable	13,273	7,951
Increase in liabilities:		
Accounts payable and accrued expenses	<u>70,716</u>	<u>4,000</u>
Total adjustments	<u>165,073</u>	<u>129,857</u>
Net cash provided by operating activities	<u>\$ 397,390</u>	<u>\$ 433,872</u>
<b>NON CASH OPERATING, CAPITAL AND RELATED FINANCING AND INVESTING ACTIVITIES:</b>		
Amortization of bond issuance costs	<u>\$ 1,627</u>	<u>\$ 1,783</u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**Lafourche Parish Communications District**

December 31, 2009 and 2008

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Lafourche Parish Communications District (the District) conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

**a) Nature of Activities**

The District assesses a fixed monthly service charge to customers of local telephone and wireless communication companies providing service in Lafourche Parish. The companies collect the charge then remit those collections to the District. The District uses this service charge to run an emergency 911 system.

**b) Reporting Entity**

The District was formed by an Act of the State Legislature on July 14, 1983. A board was approved and became effective on October 5, 1989.

The District is a component unit of the Lafourche Parish Council. The District has reviewed all of its activities and determined that there are no potential component units which should be included in the financial statements.

**c) Method of Accounting**

On January 1, 2003, the District adopted the provisions of Statement No. 34 which established standards for external financial reporting for all state and local governmental entities which includes a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Method of Accounting (continued)**

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The financial statements of the District are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. Under GASB Statement No. 20, the District has elected not to apply Financial Accounting Standards Board provisions issued after November 30, 1989.

**d) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**e) Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considers cash and cash equivalents to include amounts in checking accounts, investments with maturities of three months or less at purchase. A certificate of deposit owned by the District has a 90 day maturity and is renewed automatically upon maturity.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**f) Accounts Receivable**

The financial statements of the District contain no allowance for uncollectible accounts receivable. It is the opinion of management that receivables at December 31, 2009 and 2008 are collectible and possible bad debt losses are immaterial.

**g) Prepaid Maintenance**

Prepaid maintenance consists of the cost of maintaining the 911 communication system and is amortized over the life of the maintenance contract, a period of twelve months.

**h) Deferred Bond Issuance Costs**

The District has recorded deferred bond issuance costs which are amortized by the interest method over the term of the related debt.

**i) Capital Assets**

Capital assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair value on the date of donation. The costs of normal maintenance and repairs that do not add value to the asset or materially extends its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

Depreciation of all capital assets, excluding land, is calculated over the estimated useful lives using the straight-line method as follows:

Office furniture, equipment and fixtures	5 years
Machinery and equipment	5 - 10 years
Vehicle	5 years
Other	5 years

**j) Vacation and Sick Leave**

Vacation and sick leave are determined by length of service for full-time employees as follows:

2 - 3 years	1 week vacation and 1 week sick leave
3 - 9 years	2 weeks vacation and 2 weeks sick leave
10 years or more	3 weeks vacation and 3 weeks sick leave

Vacation and sick leave must be used by the end of the year. Vacation is paid to employees upon termination of employment; sick leave is not paid. There is no material accumulated balance of unpaid leave as of December 31, 2009 or 2008.



**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) Revenues and Expenses**

Operating revenue and expenses consists of those revenues and expenses that result from the ongoing operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the District's policy to apply those expenses to restricted assets to the extent such are available and then to unrestricted net assets. At December 31, 2009 and 2008 the District had no restricted net assets.

**Note 2 - DEPOSITS**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

**Bank Deposits:**

State law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The year-end balances of deposits for bank balances and reported amounts are as follows:

	<u>2009</u>		<u>2008</u>	
	<u>Bank Balances</u>	<u>Report Amount</u>	<u>Bank Balances</u>	<u>Report Amount</u>
Cash	\$ 3,626,057	\$ 3,621,437	\$ 3,445,961	\$ 3,423,372
Investments - certificates of deposit	<u>85,073</u>	<u>85,073</u>	<u>84,780</u>	<u>84,780</u>
Totals	<u>\$ 3,711,130</u>	<u>\$ 3,706,510</u>	<u>\$ 3,530,741</u>	<u>\$ 3,508,152</u>

**Note 2 - DEPOSITS (Continued)**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2009, \$3,126,057 of the District's bank balance of \$3,711,130 was exposed to custodial credit risk. As of December 31, 2008, \$2,945,961 of the District's bank balance of \$3,530,741 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

At December 31, 2009 and 2008, cash and certificates of deposits in excess of the FDIC insurance were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Exhibit D**  
**(Continued)**

**Note 3 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2009 was as follows:

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
Capital assets not being depreciated:				
Construction in progress	\$ 405,929	\$ 58,217	\$ (64,750)	\$ 399,396
Capital assets being depreciated:				
Office furniture, equipment and fixtures	5,377	-	-	5,377
Machinery and equipment	440,093	6,952	-	447,045
Vehicle	18,875	-	-	18,875
Other	-	64,750	-	64,750
Total capital assets being depreciated	464,345	71,702	-	536,047
Less accumulated depreciation for:				
Office furniture, equipment and fixtures	(5,377)	-	-	(5,377)
Machinery and equipment	(343,638)	(71,644)	-	(415,282)
Vehicle	(18,874)	-	-	(18,874)
Other	-	(12,950)	-	(12,950)
Total accumulated depreciation	(367,889)	(84,594)	-	(452,483)
Total capital assets being depreciated, net	96,456	(12,892)	-	83,564
Total capital assets, net	\$ 502,385	\$ 45,325	\$ (64,750)	\$ 482,960

**Note 3 - CHANGES IN CAPITAL ASSETS (Continued)**

Capital asset activity for the year ended December 31, 2008 was as follows:

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008
Capital assets not being depreciated:				
Construction in progress	\$ 416,489	\$ -	\$ (10,560)	\$ 405,929
Capital assets being depreciated:				
Office furniture, equipment and fixtures	5,377	-	-	5,377
Machinery and equipment	414,577	27,815	(2,299)	440,093
Vehicle	18,875	-	-	18,875
Total capital assets being depreciated	<u>438,829</u>	<u>27,815</u>	<u>(2,299)</u>	<u>464,345</u>
Less accumulated depreciation for:				
Office furniture, equipment and fixtures	(5,377)	-	-	(5,377)
Machinery and equipment	(276,170)	(69,767)	2,299	(343,638)
Vehicle	(18,874)	-	-	(18,874)
Total accumulated depreciation	<u>(300,421)</u>	<u>(69,767)</u>	<u>2,299</u>	<u>(367,889)</u>
Total capital assets being depreciated, net	<u>138,408</u>	<u>(41,952)</u>	<u>-</u>	<u>96,456</u>
Total capital assets, net	<u>\$ 554,897</u>	<u>\$ (41,952)</u>	<u>\$ (10,560)</u>	<u>\$ 502,385</u>

Construction in progress includes professional fees incurred in connection with the construction of a new dispatch center.

**Note 4 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES**

Accounts payable and accrued expenditures at December 31, 2009 and 2008 consisted of the following:

	2009	2008
Vendors	\$ 76,699	\$ 5,983
Interest on long-term debt	<u>14,450</u>	<u>16,065</u>
Total	<u>\$ 91,149</u>	<u>\$ 22,048</u>

**Note 5 - LONG-TERM DEBT**

On September 1, 2001, the District issued \$1,500,000 of special revenue bonds, series 2001. The serial bonds carry interest rates of 5.10% which are repayable through September 1, 2016 primarily from charges for services.

The following is a summary of the bond transactions of the District for the years ended December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Bonds payable beginning of year	\$ 945,000	\$ 1,035,000
Bonds retired	95,000	90,000
Bonds payable end of year	<u>\$ 850,000</u>	<u>\$ 945,000</u>

The annual requirements to amortize all long-term debt outstanding at December 31, 2009 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$105,000	\$ 43,350	\$ 148,350
2011	110,000	37,995	147,995
2012	115,000	32,385	147,385
2013	120,000	26,520	146,520
2014	125,000	20,400	145,400
2015 - 2017	<u>275,000</u>	<u>21,165</u>	<u>296,165</u>
Totals	<u>\$850,000</u>	<u>\$181,815</u>	<u>\$1,031,815</u>

**Note 6 - CENTRAL FIRE STATION LEASE**

A lease with Lafourche Parish Fire Protection District No. 1, which allows the District use of office space in the Central Fire Station, is automatically renewed indefinitely with each party having the option to terminate at any time; accordingly the lease is accounted as an operating lease. The lease rental expense for the years ended December 31, 2009 and 2008 was \$10,800 each year.

**Note 7 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

**Note 8 - COMMITMENTS**

The Federal Communications Commission (FCC) and the Louisiana State Legislature have issued rulings and statutes requiring wireless telecommunication providers to provide the number and location of the caller to the communications district when a caller accesses 911. State statutes require the caller location service to be operating within one year of collecting a consumer fee for the service.

The District implemented the rulings and has begun collecting the service charge from all providers effective January 1, 2000. Proceeds from the consumer service charge for the year ended December 31, 2009 and 2008 were \$644,424, and \$632,129, respectively. These consumer charges shall be used for the payment of district costs associated with system implementation.

**Note 9 - COMPENSATION OF BOARD MEMBERS**

No compensation was paid to members of the Board of Commissioners for the years ended December 31, 2009 and 2008.

**Note 10 - SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through February 26, 2010, which is the date the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION SECTION**



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION**

To the Board of Commissioners,  
Lafourche Parish Communications District,  
Raceland, Louisiana.

Our report on our audit of the financial statements of the Lafourche Parish Communications District for the years ended December 31, 2009 and 2008 appears on pages 1 and 2. The audits were conducted for the purpose of forming an opinion on the financial statements. The information contained in Schedules 1 and 2, which is of a nonaccounting nature, is not a required part of the financial statements, and is presented for purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly we express no opinion on it.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Thibodaux, Louisiana,  
February 26, 2010.



**STATUS OF IMPLEMENTATION OF**  
**WIRELESS E911 SERVICE**

Lafourche Parish Communications District

December 31, 2009

(Unaudited)

The Louisiana State Legislature has enacted Act 1029 (the Act), to amend and reenact Louisiana Revised Statutes 33:9101, 9102, 9103, 9105, 9106 and 9109 relative to communication districts. The Act effective January 1, 2000 authorizes Louisiana Communication Districts to establish, by resolution of the Board of Commissioners, the ability to collect an emergency telephone service charge in the amount of \$0.85 per wireless user per month levied on wireless users of Commercial Mobile Radio Service (CMRS) who can access the 911 emergency telephone number system. Phase One requires CMRS carriers to implement locational services and have the capability to assign wireless calls usable numbers for callback and forwarding uninterrupted calls.

The purpose of the Act is to provide a funding mechanism to cover the costs of implementing enhancements to the emergency 911 telephone system for cellular and other wireless telephone users as provided by the Federal Communications Commission in Matter #94-102. Enhancements will automatically provide the wireless telephone number and wireless tower location of the wireless caller to the district when a caller accesses the 911 system. Although these enhancements currently exist for persons dialing from "landline telephones," certain technological enhancements must be made in order to provide this information from wireless devices. The districts are required to negotiate and enter into a cooperative endeavor agreement provided for by the Act with each CMRS carrier to ensure that the service charge is collected, remitted and the service enhancements are implemented. For any district having a population of not less than thirty thousand persons as of the most recent federal decennial census, the enhancements shall be completed by the district and all of the CMRS carriers providing service within the district within one year of the initial levy of the service charge. Proceeds received shall be used for payment of CMRS carrier and district costs associated with the implementation of Phase One. Any funds collected in excess of those necessary to pay costs of such enhancements may be expended for any lawful purpose of the district.

The Lafourche Parish Communications District (the District) notified each CMRS carrier by certified letter of the adoption by the Board of Commissioners of Resolution No. 99-09-01 which levied an emergency telephone service charge of \$0.85 per month per wireless CMRS connection as of January 1, 2000. The District then sent a letter to each CMRS carrier concerning signing a cooperative endeavor agreement. The District has completed cooperative endeavor agreements with all CMRS carriers.

**STATUS OF IMPLEMENTATION OF  
WIRELESS E911 SERVICE  
(Continued)**

The CMRS carriers have been remitting the wireless E911 service charges collected from the CMRS connections (customers) beginning January 1, 2000, accordingly the District has continued reimbursement of implementation costs. Reimbursements for implementation cost have been minimal in 2007.

The District is Phase One and Phase Two compliant with all CMRS carriers as of January 2007.

The District intends to recover the costs of additional staff hired to handle additional call volume with the wireless revenues, as well as, recover other costs related to the new wireless requirements. Other wireless costs include the service charge that is assessed by the CMRS carriers based on the cost of updating their technology to implement the enhancement phase. The schedule of wireless revenues and use of wireless revenues can be found in Schedule 2 as required by the Act.

Phase Two requires the District and all carriers to achieve "the capability to identify the latitude and longitude of a mobile unit making a 911 call within the radius of no more than 125 meters in 67 percent of all cases." No cost recovery was deemed necessary for Phase Two compliance. As of January 12, 2007, all CMRS carriers, as well as the District, were Phase Two compliant.

**SCHEDULES OF REVENUES DERIVED FROM THE WIRELESS E911  
SERVICE CHARGE AND THE USE OF SUCH REVENUES**

**Lafourche Parish Communications District**

For the years ended December 31, 2009 and 2008

	(Unaudited)	
	<b>2009</b>	<b>2008</b>
	<b>Wireless</b>	<b>Wireless</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 644,424	\$ 632,129
Other operating revenues	76	3,527
Total operating revenues	<u>644,500</u>	<u>635,656</u>
<b>OPERATING EXPENSES</b>		
Personal services	260,977	225,056
Supplies and materials	4,086	4,052
Other services and charges	139,782	137,983
Repairs and maintenance	55,658	34,096
Depreciation	<u>55,976</u>	<u>43,046</u>
Total operating expenses	<u>516,479</u>	<u>444,233</u>
Operating income	<u>\$ 128,021</u>	<u>\$ 191,423</u>

Note: Allocation of wireless operating expenses was determined by applying the percentage of wireless calls to total calls to the operating expenses described in the Statement of Revenue, Expenses and Changes in Net Assets. For the years ended December 31, 2009 and 2008 other services and charges included Phase 1 implementation costs totaling \$6,392 and \$7,985 respectively. The remaining costs were allocated. Revenues from charges for services are based on actual reported revenues for wireless services. The number of total calls and wireless calls was furnished to us by the District's management.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

To the Board of Commissioners,  
Lafourche Parish Communications District,  
Raceland, Louisiana.

We have audited the financial statements of the governmental activities, the business-type activities, and the general fund of the Lafourche Parish Communications District (the District), State of Louisiana, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 2009, and have issued our report thereon dated February 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Commissioners, management, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bourgeois Bennett, L.L.C.*  
Certified Public Accountants.

Thibodaux, Louisiana,  
February 26, 2010.

## **SCHEDULE OF FINDINGS AND REPONSES**

### **Lafourche Parish Communications District**

For the year ended December 31, 2009

#### **Section I Summary of Auditor's Results**

##### **a) Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                    ☐ yes    ☒ no
- Significant deficiency (ies) identified that are not  
  considered to be material weaknesses?                    ☐ yes    ☒ none reported

Noncompliance material to financial statements noted?                    ☐ yes    ☒ no

##### **b) Federal Awards**

Lafourche Parish Communications District did not expend federal awards in excess of \$500,000 during the year ended December 31, 2009.

#### **Section II Financial Statement Findings**

No financial statement findings were noted during the audit for the year ended December 31, 2009.

#### **Section III Federal Award Findings and Questioned Costs**

Not applicable.

## **REPORTS BY MANAGEMENT**



## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

### **Lafourche Parish Communications District**

For the year ended December 31, 2009

#### **Section I Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

No material weaknesses were reported during the audit for the year ended December 31, 2008.  
No significant deficiencies were reported during the audit for the year ended December 31, 2008.

##### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2008.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Lafourche Parish Communications District did not expend federal awards during the year ended December 31, 2008.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2008.

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

### **Lafourche Parish Communications District**

For the year ended December 31, 2009

#### **Section I Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

No material weaknesses were reported during the audit for the year ended December 31, 2009.  
No significant deficiencies were reported during the audit for the year ended December 31, 2009.

##### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2009.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Lafourche Parish Communications District did not expend federal awards during the year ended December 31, 2009.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2009.